



DEPARTMENT OF THE ARMY
HEADQUARTERS UNITED STATES ARMY FORCES COMMAND
1777 HARDEE AVENUE SW
FORT MCPHERSON GEORGIA 30330-1062

REPLY TO
ATTENTION OF

AFLG-PR

2 December 1999

MEMORANDUM FOR FORSCOM Directorates of Contracting

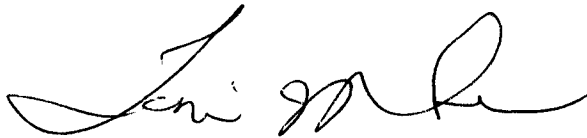
SUBJECT: Contracting Information Letter (CIL) 00-05,
Privatizing Utility Systems

1. Enclosed is memorandum, DAIM-FD, dated 2 September 1999 with 1st End, AFEN-ENO, dated 21 September 1999, SAB.
2. This memorandum provides guidance on the approval process for privatization of Army utility systems. This approval process is not to be confused with the approval process for the recurring purchase of utility services. The Assistant Chief of Staff for Installation Management (ACSIM) is the authority for all utility system privatization approvals and/or exemptions from privatization as indicated in paragraph 5 of the enclosed memorandum. The privatization package should be sent from the installation commander to the MACOM for forwarding to ACSIM. The packages should be sent to either the FORSCOM Engineers (Mr. Adrian Gillespie), or HQ USARC (Mr. Ken Coulter) for the USARC installations. The approval request package must include the information in paragraph 5 of the memorandum (Installation Commander's Record of Decision to Privatize, the economic analysis, and a copy of the proposed contract). The contracting and functional personnel must work together to ensure proper documentation is prepared.
3. The approval process can take up to two months once it is received by ACSIM. Contracting personnel should ensure that the acceptance period of offers allows sufficient time for this approval process. We will provide additional clarifying information as it is received.

AFLG-PR

SUBJECT: Contracting Information Letter (CIL) 00-05, Privatizing
Utility Systems

4. Privatization points of contact: Ms. Judy Armstrong,
FORSCOM Contracting Division, DSN 367-5642; Mr. Adrian
Gillespie, FORSCOM Engineers, DSN 367-7268; Mr. Ken Coulter, HQ
USARC Engineers, DSN 367-8768; Ms. Rachel Lilley, ASA(ALT), DSN
761-7565; and Ms. Carey Klug, ACSIM, DSN 328-6175.

A handwritten signature in black ink, appearing to read 'Toni M. Gaines', with a stylized, cursive script.

TONI M. GAINES
Chief, Contracting Division
Principal Assistant Responsible
for Contracting

Encl
as

AFEN-ENO (DAIM-FD/2 Sept 99) 1st End
SUBJECT: Privatizing Utility Systems

DEPUTY CHIEF OF STAFF FOR PERSONNEL AND INSTALLATION
MANAGEMENT, FORCES COMMAND, FORT MCPHERSON, GA 30330-6000 21 SEP 1999

MEMORANDUM FOR SEE DISTRIBUTION

- 1. The basic correspondence provides latest guidance on approval of utility privatization transactions.**
- 2. For more information contact Mr. Adrian Gillespie, at DSN 367-7268, COMM 404-464-7268, or Email gillespa@forscom.army.mil.**

FOR THE DCS FOR PERSONNEL AND INSTALLATION MANAGEMENT:

SIGNED ENGINEER

LEE P. GIBSON, JR.
Colonel, EN
FORSCOM Engineer

DISTRIBUTION:
ATTN: UTILITY PRIVATIZATION POCS
I CORPS AND FORT LEWIS
III CORPS AND FORT HOOD
XVIII AIRBORNE CORPS AND FORT BRAGG
FORT RILEY
3D INFANTRY DIVISION (MECHANIZED) AND FORT STEWART
FORT CARSON
10TH MOUNTAIN DIVISION (LIGHT INFANTRY) AND FORT DRUM
101ST AIRBORNE DIVISION (AIR ASSAULT) AND FORT CAMPBELL
JOINT READINESS TRAINING CENTER (JRTC) AND FORT POLK
NATIONAL TRAINING CENTER AND FORT IRWIN
FORT MCPHERSON



DEPARTMENT OF THE ARMY
ASSISTANT CHIEF OF STAFF FOR INSTALLATION MANAGEMENT
600 ARMY PENTAGON
WASHINGTON DC 20310-0600

REPLY TO
ATTENTION OF

DAIM-FD (420-49)

2 September 1999

MEMORANDUM FOR SEE DISTRIBUTION

SUBJECT: Privatizing Utility Systems

1. References:

- a. Deputy Under Secretary of Defense Memorandum, 23 Dec 98, Defense Reform Initiative Directive (DRID) # 49 – Privatizing Utility Systems.
- b. Deputy Assistant Secretary of the Army (Procurement) Memorandum, 23 Oct 98, subject: Defense Energy Support Center (DESC).
- c. HQDA Memorandum, DAIM-FDF-E, 06 July 1998, Subject: Request for Defense Energy Support Center Assistance – Utilities Privatization.
- d. DLA Memorandum, DESC-A, 28 August 1998, SAB.

2. The purpose of this memorandum is to provide guidance on the approval process for the privatization of Army utility systems.

3. Defense Reform Initiative Directive (DRID) # 49 requires all utility systems to be privatized by FY03 except when not economical or for security reasons. Defense Reform Initiative Directive (DRID) # 21 established the Defense Energy Support Center (DESC) and assigned it the mission to support Military Services with the privatization of their utility systems

4. Privatizing Utility Systems: Privatization is a one time, unique action that transfers the ownership of the utility system to the private sector and is not to be confused with the recurring purchase of electrical power, which is a separate action. The new owner of the utility system is responsible for operations, maintenance and all future upgrades with an obligation to provide the utility service. This is a very complex process involving real estate, environmental, legal, contracting and local personnel issues for the transfer of the utility system to the private/public sector in the most life cycle cost effective manner. DESC is providing assistance to several Army installations to help meet DRID # 49 privatization goals. DESC is helping obtain economies of scale through bundling our privatization requirements both within the Army and with Air Force and the Navy requirements, where feasible based on utility type, utility company and geographical region. I encourage you to work closely with DESC and my staff as you progress



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SUBJECT: Utilities Systems

through this process. In addition, USACE Huntsville Engineering and Support Center (HESC) has established an office to provide installations with a full range of technical support in the utility privatization process.

5. Approval Process: The ACSIM is the authority for all utility system privatization approvals and / or exemptions from privatization. Please submit all privatization documents through your respective MACOMs to OACSIM (ATTN: DAIM-FDF-UE) for processing and approval before any contracts are signed by an installation. The approval request should include (1) Installation Commander's Record of Decision to Privatize, (2) the Economic Analysis, and (3) a Copy of the Proposed Contract. The cognizant Principal Assistant Responsible for Contracting (PARC) should be part of the contract review and submission process. We will conduct all required reviews; determine the need for and have technical reviews conducted; and complete all DA staffing and congressional notifications. We will conduct regular IPRs to obtain your input and streamline the privatization process.

6. Point of contact for this action in my office is Mr. Satish Sharma, DAIM-FDF-UE, COMM (703) 428-7001, DSN 328-7001, email: "Satish.Sharma@hqda.army.mil".



R.L. VAN ANTWERP
Major General, GS
Assistant Chief of Staff
for Installation Management